



City of Cleveland
Frank G. Jackson, Mayor

Department of Human Resources
601 Lakeside Avenue, Room 121
Cleveland, Ohio 44114
216/664-2493 Fax: 216-664-3489

May 7, 2013

Ivan Henderson

[REDACTED]
Cleveland, OH 44102

Dear Mr. Henderson,

After reviewing information you presented, a determination has been made that the situation involving you and Paul Bender does not rise to the level of harassment as defined in the City's Policies and Procedures Manual.

If you would like to file a charge of unlawful discrimination, you may contact the following agencies:

U.S. Equal Employment Opportunity Commission
Cleveland District Office
Anthony J. Celebrezze Federal Building
1240 East 9th Street, Suite 3001
Cleveland, Ohio 44199
Phone: (216) 522-2001

The Ohio Civil Rights Commission
Cleveland Regional Office
85 Lausche State Office Building
615 West Superior Avenue, 8th Floor
Cleveland, Ohio 44113
Phone: (216) 687-3150

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah Southerington", is written over a horizontal line.

Deborah Southerington
Director, Department of Human Resources

Redaction: The employee's house number and street name have been redacted under State ex rel. Dispatch Printing Co. v. Johnson (2005), 106 Ohio St.3d 160.



City of Cleveland
Frank G. Jackson, Mayor

Department of Human Resources
601 Lakeside Avenue, Room 121
Cleveland, Ohio 44114-1015
216/664-2493 • Fax: 216/664-3489
www.cleveland-oh.gov

May 7, 2013

Paul Bender
Director of Public Utilities
1201 Lakeside Avenue
Cleveland, OH 44114

Re: Complaint of Harassment

Dear Mr. Bender:

Please be advised that the Department of Human Resources has received a complaint from Ivan Henderson, Commissioner of Cleveland Public Power, which alleges that you have engaged in harassing conduct. After reviewing the information presented by the complainant, the Department of Human Resources has made a determination that his complaint does not rise to the level of harassment as defined in the City of Cleveland Human Resources Policies & Procedures.

It is advisable not to take any actions that might be construed as retaliatory or to confront or discuss this matter with the charging party or other potential witnesses.

Should you have any questions, please contact me at (216) 664-3531.

Sincerely,

Deborah Southerington, Director
Department of Human Resources

Copy: Darnell Brown, Chief Operating Officer
Barbara Grier, Chief of Human Resources DPU
File

Email	Issue	Email Subject
4-23-13	Name calling	New Service Center Bid Document
4-23-13	Ignoring relevant cost	LED Projections (see attachment)
4-22-13	Sarcasm following combative meeting	100 payback calculations (see attachment)
4-21-13	Alleged lack of involvement	Aliea McBooth
4-10-13	Communication breakdown	CPP Risk Management Monthly update
4-05-13	Communication breakdown	CPP Billings

Henderson, Ivan

From: Bender, Paul
Sent: Tuesday, April 23, 2013 2:39 PM
To: Henderson, Ivan
Cc: Grier, Barbara; Brown, Darnell
Subject: RE: CPP New Service Center Bid Documents

Follow Up Flag: Follow up
Flag Status: Flagged

This is a childish request, Ivan.

I have told you several times, as I've made clear to everyone – if you want to talk with me, give me a call – schedule a meeting ANYTIME – just do it. I have yet to see such a scheduled session – therefore, there are no issues that are important.

Regarding briefing documents – I DO read many briefing documents. I told you the best way to get me on board with this project, and with any project, is to discuss with me face to face, not through sending me a briefing document. I said I don't read every briefing document that comes in my inbox (I didn't tell you this, but I read the ones that I believe are critical).

I don't understand how this building is critical to the transmission expansion project – in our meeting at the Westside Service Center, that never came up. I was told there is was to 'improve morale', and allow faster response time to customers and outages in that area (not a word on how it was critical to the transmission expansion projects).

The new building may be a great project – however, we have many more important projects of much higher priority that are also lagging – LED project plan development (and financial justification); IRP development; Mayor and Council briefing on power supplies; street light outage responsiveness; EAC calculation; Ecological Adjustment process; financial performance of CPP for 2013 (i.e., will we exceed our legal 125% DSC ratio); etc., etc. There are a few more ahead of a new building that I don't understand the need for and why you think it's so urgent.

I have already 'circled back' to my superiors – that is my concern, not your's.

And finally – as always, we may meet anytime you want. Just schedule with Judie – or call me and I'll make time right away. As I've told you and told everyone.

I trust this clears up some confusion.

Paul

From: Henderson, Ivan
Sent: Tuesday, April 23, 2013 12:33 PM
To: Bender, Paul
Subject: FW: CPP New Service Center Bid Documents

Director, I am reluctant to bring this up again but without a clear resolution I see that I need to do so.

I checked my notes and our last conversation about the new service center was after your Meet and Greet on April 9th at the Westside Service Center. You asked for information about the project and you may recall my asking you how to get you the information you needed. I mentioned my having given you a briefing document and you said that you did not read briefing documents and that the best way was to give you a verbal. The email below is my request to schedule that

briefing. Note that it was from two weeks ago and that I was out on vacation last week. I am now asking if I can get on your calendar to discuss this and how it relates to the rest of our Capacity Expansion Project. I am sure you recall you had questions about the Capacity Expansion as well and have often said we don't have a plan. That is where we end up on different pages and things seem to fall apart.

You have told me many times to stop all work on the new service center and that is what has happened. At this time nothing more will happen until you make a decision on the project. If there is a substantial change in direction we will need to circle back to the Administration immediately to make them and Council aware of the change.

Since the new service center is tied to several larger CPP Initiatives like the Capacity Expansion and improving street lighting operational efficiency and the City-wide LED Streetlight initiative (if it is approved) the discussion will take at least an hour. Please let me know if we may meet to discuss this issue.

Ivan L. Henderson
Commissioner, Cleveland Public Power
1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

From: Henderson, Ivan
Sent: Tuesday, April 09, 2013 11:35 AM
To: Bender, Paul
Subject: RE: CPP New Service Center Bid Documents

Director, please let me know if it is okay to schedule a meeting to discuss the new service center and the other project that I mentioned this morning- the EV Charging Station Pilot. We expect to see a new revenue stream from the EV Charging Stations and this project aligns with the City's sustainability goals.

Ivan L. Henderson
Commissioner, Cleveland Public Power
1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

From: Bender, Paul
Sent: Monday, April 08, 2013 6:42 PM
To: Henderson, Ivan
Subject: RE: CPP New Service Center Bid Documents

So stop it completely, until you brief me and we are in agreement on moving forward.

We have too many things going on to take on more right now – and these 'stealth' projects just keep coming out of the woodwork.

How many more?

Thanks.

Paul

From: Henderson, Ivan
Sent: Monday, April 08, 2013 6:40 PM

To: Bender, Paul
Subject: Re: CPP New Service Center Bid Documents

Mayor approved. I have not seen any power related projects or initiatives that the Mayor independently initiates. He will deny or approve recommendations and give guidance and direction if he approves but on power projects I have not known this Mayor to recommend an action or initiative.

Sent from my BlackBerry Wireless Device

From: Bender, Paul
Sent: Monday, April 08, 2013 06:32 PM
To: Henderson, Ivan
Cc: Chrisp, Courtney (CPP)
Subject: Re: CPP New Service Center Bid Documents

Is this a Mayor-initiated project?

Paul - 216-857-1063

On Apr 8, 2013, at 17:30, "Henderson, Ivan" <ihenderson@CPP.ORG> wrote:

Director, you may recall my mentioning to you CPP going out to bid for a new Service Center last Fall. A number of bids were received and just prior to awarding the contract we heard from the City's Real Estate Division that it had made a mistake on a parcel of land adjacent to our new building that was believed to be land bank property. It turns out that parcel was not in the land bank and we had to stop the process, go back to the architect for the new design, exclude the parcel and prepare to go back to bid.

The new facility is called the Energy Innovation Service Center and was included in the \$65 million bond funding for the Capacity Expansion. It will allow us to consolidate our Streetlight crews and operate street lighting services more efficiently from a centralized base. We will rehab an existing building meeting all of Cleveland's Green Building Standards, as requested by the City.

Our next step is for you to sign the bid documents and then we go to Purchasing for Commissioner Hardy's staff to advertise and send it out to bid. There is no CRC or BOC at this step. I am not sure if there is another form for us to bring this before you. May I get on your calendar to brief you on this Project? It should take about 30 minutes.

Ivan L. Henderson
Commissioner, Cleveland Public Power
1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

Henderson, Ivan

From: Bender, Paul
Sent: Tuesday, April 23, 2013 2:27 PM
To: Henderson, Ivan; Troy, Catherine; Smith, Richard
Cc: Badalamenti, Frank; Ferguson, James; Zigli, William (CPP)
Subject: RE: LED Projections

Thanks – however, probably even more questions raised by this response. I'm sure Catherine is checking this out and can resolve.

1. Total a+b= \$12 million; total d = \$500,000; \$14.44/light average x 64,000 lights = \$11.1 million – some of these numbers are therefore not correct. What is the total revenues for the 64,000 street lights to be replaced? I need a total number – not to add up and figure it out myself.
2. 'i' – what is this – 60% prorated? I don't understand; 'ii' – irrelevant
3. 2b – depreciation is irrelevant
4. 3 – what is total power cost - \$5.3 million as developed last week.
5. 3 – power savings? What is weighted average? 60% - or do an actual calculation – your preference
6. 5 – inventory – irrelevant – what is the total cost of replacement lights/year needed WITH ALL NEW LIGHTS IN PLACE?
7. 5 – depreciation –irrelevant
8. 6 – capital – you said drivers last 7 years – so we need to replace twice over 20 years, right? Included? (should be part of capital)
9. 6 – capital – what is the total capital cost? Don't make us add up numbers. Include 3 drivers, photocells, as you state – show the detail calculation adding up to \$20 million or whatever is the total capital cost
10. Where do you get the rate increase from? Out of thin air here.
11. 6 b – what is this? I don't understand this statement?
12. Can your staff do this? Or should we contract it out? If you can do over 2 years with existing staff AND keep up with all other work, then let's do with our own staff and drop the contractor idea.

When these are answered, we'll then be ready to complete the financial analysis.

From: Henderson, Ivan
Sent: Monday, April 22, 2013 5:28 PM
To: Bender, Paul; Troy, Catherine; Smith, Richard
Cc: Badalamenti, Frank; Ferguson, James; Zigli, William (CPP)
Subject: RE: LED Projections

Please find attached responses to the questions below.

<< File: CPP LED STREETLIGHT Analysis 4-22-13.docx >>

Ivan L. Henderson
Commissioner, Cleveland Public Power
1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

From: Bender, Paul
Sent: Monday, April 22, 2013 1:13 PM
To: Troy, Catherine; Smith, Richard; Henderson, Ivan

Cc: Badalamenti, Frank
Subject: RE: LED Projections

The information requested is very simple to obtain – if we're having this much problem, it must be we don't know what we're doing.

Provide the following information by end of today:

1. Justification for \$12 million revenues – check w/ Catherine – confirm these are the correct total revenues from street lights - all street lights. Confirm tariff/light (\$16/month?); both CPP and CEI – an average tariff is fine, if they vary a lot by type of light. I'd assume the total revenues would be in the vicinity of \$16/light/month X 64,000 lights
2. Cost of 8 crews – labor and equipment costs (trucks, etc.)
3. Power costs – make sure the CEI payments are segregated between payments for power and other.
4. Confirm 60% reduction in power costs with LED's
5. Any other annual operating costs
6. Total capital costs – light fixtures, drivers, photocells, etc., etc – pole replacement needed? If so this should be part of the total capital cost

Other costs missing above?

Most of this was on the sheet we reviewed last week – we're waiting on feedback on justification for most items and verification we have everything.

If you can't do this today, give me a good reason why – 'I need more time' is not a good reason.

Paul

From: Troy, Catherine
Sent: Monday, April 22, 2013 12:35 PM
To: Smith, Richard; Henderson, Ivan
Cc: Bender, Paul; Badalamenti, Frank
Subject: RE: LED Projections

Rich, I need the numbers by the end of the day today. The Director wants to have this settled quickly.

From: Smith, Richard
Sent: Monday, April 22, 2013 9:10 AM
To: Troy, Catherine
Subject: RE: LED Projections

If possible, could you reschedule; or I will provide later today, early tomorrow. Some of the information has to come from Jim Ferguson. Will get it to you as quickly as possible.

-----Original Appointment-----

From: Troy, Catherine
Sent: Thursday, April 18, 2013 3:49 PM
To: Troy, Catherine; Smith, Richard; Preslan, Kevin; Tucker, Leigh
Subject: LED Projections

When: Monday, April 22, 2013 9:00 AM-11:00 AM (GMT-05:00) Eastern Time (US & Canada).

Where: CMT's Office

I am going to be setting up the 20 year projections based on info I have. We will tweak as more information is provided. Rich, when you come over I will need as much of the info from my request as possible. I am thinking it should be most of the request since you needed it for your projections.

1. Justification for \$12 million revenues – check w/ Catherine – confirm these are the correct total revenues from street lights - all street lights. Confirm tariff/light (\$16/month?); both CPP and CEI – an average tariff is fine, if they vary a lot by type of light. I'd assume the total revenues would be in the vicinity of \$16/light/month X 64,000 lights

ANSWER: We have itemized billing information showing our revenues and can provide this information.

Here is the revenue breakdown:

- a. 47,353 CPP Street Lights at 61,129,919 kwh is \$9,153,716 in revenue. Energy is at \$3,768,678.60 and Base Revenue is \$5,163,023.92 with kWh Tax is \$222,013.42. So the average revenue per streetlight for CPP is: \$16.10/month.
- b. 19,621 ex-CEI Street Lights at 19,700,064 kwh is \$2,897,459.88 in revenue – So the average revenue per streetlight for the ex-CEI streetlights is \$12.31/month.
- c. Average for all streetlights (Total Billed Revenue/Number of Lights) is \$14.99/month.
- d. There are an additional 3,000 outlier lights that we will not replace with LEDs:
 - i. There are 881 as either 700W and 1,000W streetlights on both the CPP and ex-CEI systems. Total kWh for this group is 3,901,800 kWh. Energy is at \$240,409.41 with Base Revenue at \$216,005.40. The Total is \$456,414.81/month.
 - ii. When the outliers are not included in the totals in part "a" and "c" above the average revenue for CEI becomes \$15.59 and the average for all streetlights become \$14.44/month.

2. Cost of 8 crews – labor and equipment costs (trucks, etc.)

- a. Labor

ANSWER: Total actual cost is for eight (8) crews, four-two person crews consisting of a Low Tension Lineman and a Line Helper Driver, is \$1,380,759. This is based on a 52 week year, with a 1.75 multiplier to cover benefits and overhead. Average straight time hourly is \$28.70 for Low Tension Lineman and \$18.71 for Line Helper Driver.

- i. Prorated @ 60% - Cost for two, three person street light construction crews that will be performing streetlight installation and also prorated cost of an assistant superintendent assigned streetlight installation work: \$454,000.
- ii. Installation Overtime for streetlight crews and admin staff at 10% of straight hours is approximately \$200,000.

- b. Equipment

ANSWER: Cost for operating eight (8) bucket trucks is \$1,106,560. The hourly rate is \$66.50 which is the FEMA standard cost basis which includes depreciation, overhead, all maintenance, field repairs, fuel, lubricants, tires, OHSA equipment and other costs incidental to operation.

ANSWER: The scheduled acquisition of new CPP bucket trucks in 2013 and 2014 will eliminate the need for acquiring new trucks.

3. Power costs – make sure the CEI payments are segregated between payments for power and other.

ANSWER: The CEI tariff identifies the components of this cost and includes all applicable riders. (This was previously provided to Catherine.)

4. Confirm 60% reduction in power costs with LED's

ANSWER: Power savings for each product is as shown below:

- a. 50W LED has a 73% power savings compared to the 150W HPS
- b. 100W LED has a 46% power savings compared to the 250W HPS
- c. 200W LED has a 66% power savings compared to the 400W HPS

5. Any other annual operating costs

a. Inventory

- i. We currently average \$1.2 million in street light expenditures (excluding pole hardware). After the initial investment, this amount should ramp down to 25 – 30 percent of current street light inventory expenditures.

b. Depreciation & Debt Service

- i. Ten year, straight line depreciation for the new lights should be included, which I had at \$1.672 MM a year. Existing depreciation for current CPP lights is estimated to be at \$570,000. This was based on current actively depreciating lights factored at 80%, to exclude protective lights asset costs.
- ii. Annual depreciation (minor) for the two computer systems is at \$35K per year
- iii. Debt service for the new lights to be added in at 6% of acquisition costs. A portion of CPP existing debt service costs should also be accounted for in the model. We used a proration of about \$1.29MM annually in our initial estimate.

6. Total capital costs – light fixtures, drivers, photocells, etc., etc – pole replacement needed? If so this should be part of the total capital cost

ANSWER:

- a. 50W LED cost \$150 each for 39,000 streetlights
- b. 100W LED cost \$300 each for 9,200 streetlights
- c. 200W LED cost \$525 each for 15,400 streetlights
- d. Smart Photocell quoted at \$250 each for 100 units
- e. Pole replacements not required
- f. Drivers included in the LED streetlights

Other costs missing above?

ANSWER:

- a. A Streetlight rate increase is needed regardless of LED investment and is estimated at just under \$1M annually.
- b. If LED streetlight investment is approved additional cost is usually included in the rate the customer pays. These costs are not accounted for in the responses above.
- c. If some or all of the LED streetlights are installed by contractor crews additional cost would be incurred.

Henderson, Ivan

From: Henderson, Ivan
Sent: Monday, April 22, 2013 6:02 PM
To: Bender, Paul
Cc: Badalamenti, Frank
Subject: RE: 100 payback calculations
Attachments: Return on Investment Formula and References.docx

The different ways to compute the ROI is based on the many revenue and cost components (variables) that go into the basic formula. The names of each component or variable in the calculation will change but the root formula is the same. Please see the attached summary with references pulled from the internet.

CPP will compute the ROI as directed. Please let us know how you would like us to proceed.

Thank you.

Ivan L. Henderson
Commissioner, Cleveland Public Power
1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

From: Bender, Paul
Sent: Monday, April 22, 2013 1:18 PM
To: Henderson, Ivan
Cc: Badalamenti, Frank
Subject: 100 payback calculations

I'd really like to hear from you about at least some of the 100 different ways payback can be calculated. As I stated, there is only 1 way to do this.

Please enlighten me, as we need to be on the same page on all issues going forward. Might as well knock off an easy one. If there are 99 other ways to do this out there, I need to begin learning them, or we need to get together and agree on how we're going to do it.

Thanks for your stimulating insights into these new ways of doing things.

Paul

Return on Investment

ROI Calculator

$$ROI = \frac{\text{Earnings} - \text{Initial Investment}}{\text{Initial Investment}}$$

The formula for return on investment, sometimes referred to as ROI or rate of return, measures the percentage return on a particular investment. ROI is used to measure profitability for a given amount of time.

The return on investment formula is mechanically similar to other rate of change formulas, an example being rate of inflation. The base formula for measuring a percentage rate of change is:

$$\% \Delta X = \frac{X_t - X_{t-1}}{X_{t-1}}$$

$$\Delta X = \text{change in } X$$
$$t = \text{at time } t$$

For ROI, we are measuring the rate of change of monies due to investing. By applying the return on investment formula, we can determine a X% change in monies on an investment, which is synonymous with a X% return on investment.

Another reference states "Return on investment (ROI) is a measure of the profit earned from each investment. Like the "return" (or profit) that you earn on your portfolio or bank account, it's calculated as a percentage. In simple terms, the calculation is:

$$\frac{(\text{Return} - \text{Investment})}{\text{Investment}}$$

It's typically expressed as a percentage, so multiple your result by 100."

*A third reference states "Return on investment shows how much money is made on an investment compared to how much was spent on it. It is expressed as a percentage. The formula for calculating return on investment is: gain from the investment minus the cost of the investment, divided by the cost of the investment. Calculating return on investment is useful when comparing investments. For example, if Investment A cost \$1,000 and had a gain of \$500 and Investment B cost \$100 and had a gain of \$60, then Investment B had a higher return on investment at 60 percent." Read more: [How to Calculate a Return on an Investment With a Formula | eHow.com](http://www.ehow.com/how_6459441_calculate-return-investment-formula.html#ixzz2RDZG4thU)
http://www.ehow.com/how_6459441_calculate-return-investment-formula.html#ixzz2RDZG4thU*

To be clear, variances in the ROI calculation is seen not in the simple formula but rather in what is or is not included in the "investment" or "initial investment" component of the formula. This variable goes by different names in each ROI formula but it generally works the same. It is this variable that is behind what I referred to "as many different ways to compute the ROI." Each

streetlight system is different and that is why we have seen different ROI formulas for different systems. For example, Cleveland's calculation will be somewhat more complicated since we are billing for two different utilities' charges and we use a broader range of crews to service our streetlights than are seen in most other cities. We found that in some cases using the same ROI formula that other cities have used would result in our under recovering our cost since their formulas did not allow as many variables in the investment component in the formula.

There is another issue that I should keep on the table so that everyone is on the same page. The ROI analysis is further complicated here by the fact that CPP is under recovering its actual streetlight services cost by almost a million dollars a year. This relates to what goes into the "earnings" or "returns" value and why we included part of the needed rate increase as part of our revenue which improved the "earnings" value in the formula.

CPP can use any recommended formula to calculate the ROI for LED streetlights. In the end, as long as we capture our actual cost, we should be able to demonstrate an acceptable return.

One of the ROI calculators we found is at the following link. It is more advanced than the simple formulas shown above and could be another way to perform the calculation:

<http://office.microsoft.com/en-us/templates/capital-budgeting-return-on-investment-roi-analysis-TC001158989.aspx>

Additional References:

<http://www.marketingmo.com/4-support-tools/how-to-calculate-roi-return-on-investment/>

<http://www.marketingmo.com/download-free-marketing-roi-calculators/>

http://financeformulas.net/Return_on_Investment.html

<http://www.captureplanning.com/articles/79375.cfm>

http://www.ehow.com/how_4927969_calculate-return-investment-excel.html

<http://www.fatpitchfinancials.com/392/how-to-calculate-your-return-on-investment/>

Henderson, Ivan

From: Bender, Paul
Sent: Sunday, April 21, 2013 9:21 PM
To: Henderson, Ivan
Cc: Wood, Jason
Subject: Re: Aliea McBooth

Yes.

Paul - 216-857-1063

On Apr 21, 2013, at 21:00, "Henderson, Ivan" <ihenderson@CPP.ORG> wrote:

5:30-7:00 pm. Your office? I'll be there.

Sent from my BlackBerry Wireless Device

From: Bender, Paul
Sent: Sunday, April 21, 2013 08:45 PM
To: Henderson, Ivan
Cc: Wood, Jason
Subject: Re: Aliea McBooth

Tomorrow - 5:30 - 7, to start.

I'll explain the lack of involvement. Easy to see.

I am not taking anything forward without a complete plan. Reason for the transmission upgrade? Why is it necessary? By when? That drives Middough. Need to bid that out.

LED analysis was nonsensical - just numbers that made no sense. Was that your analysis? Your involvement?

Tomorrow. Bring justification for each issue so we canoe forward.

Paul - 216-857-1063

On Apr 21, 2013, at 20:05, "Henderson, Ivan" <ihenderson@CPP.ORG> wrote:

When would you like to discuss each item? You need more information. I am not sure what you believe I am not involved with as I have provided input and/or direction on all the topics listed below. We can discuss this as well. I am concerned that delaying action in some instances will cause greater problems later on. Let me know when we can discuss. Thank you.

Sent from my BlackBerry Wireless Device

From: Bender, Paul
Sent: Sunday, April 21, 2013 06:13 PM

To: Henderson, Ivan
Cc: Wood, Jason
Subject: Re: Aliea McBooth

We need to get on top of some things quickly. Your stuff is piling up and you are not involved.

LED program
Street light outage response
New service building - suspend all work
Transmission upgrades, Middough. I don't support the direct award. We need some options. Delay the construction until we can rebid? Other options?
Residential marketing is very weak. Needs some quick attention.
IRP plans. GDS review
EAC procedures. Ecological adjustment - seems weird to me. Incomprehensible right now.

These are all things I am going to need a detailed understanding of before they can move. So you need to know them better than me. Right now, your staff and Finance are doing all the work - briefing me on half baked processes, generally. It's getting to a critical stage.

I will have my conclusions on all these issues before briefing Darnell and Sharon on GDS in a week. You are going to have to pick up the pace this week if you want to have a role in shaping these conclusions; turning them around and into positive actions instead of problems (right now, I don't see much positive in any of the items listed).

Paul - 216-857-1063

On Apr 20, 2013, at 17:22, "Henderson, Ivan" <ihenderson@CPP.ORG> wrote:

Thank you. That would be greatly appreciated.

Sent from my BlackBerry Wireless Device

From: Bender, Paul
Sent: Thursday, April 18, 2013 12:50 PM
To: Henderson, Ivan
Subject: Aliea McBooth

I would like to transfer Aliea to my staff to work on the same kinds of things as I understand she works on for you, plus others. This transfer would ultimately depend on her interest and fit with this role.

Let me know impacts on your operation of doing this next week, so I can help resolve them.

Thanks.

Paul

Henderson, Ivan

From: Bender, Paul
Sent: Wednesday, April 10, 2013 10:05 PM
To: Henderson, Ivan
Subject: Re: CPP Risk Management Monthly update.

This is not about PJM policies. PJM does not dictate to me CPP policies.

My email stands.

Paul - 216-857-1063

On Apr 10, 2013, at 18:20, "Henderson, Ivan" <ihenderson@CPP.ORG> wrote:

> Director, this is about PJM requirements to have policies in place
> that go through your office for all power supply purchases. We are not
> proposing new power supply projects or contracts. The policy is
> detailed so we would like to talk to you about it at some point in the
> near future.

>
>
> _____
> Ivan L. Henderson
> Commissioner, Cleveland Public Power
> 1300 Lakeside Ave
> Cleveland, OH 44114-1175
> Phone: (216) 664-2708 Fax: (216) 420-8737

> -----Original Message-----

> From: Bender, Paul
> Sent: Wednesday, April 10, 2013 5:33 PM
> To: Smith, Tom
> Cc: Henderson, Ivan
> Subject: RE: CPP Risk Management Monthly update.

> Let me be clear.

> CPP is not to enter into any new power contracts without my advance
> approval - so this report is unnecessary. Otherwise, someone will be
> terminated. I can't imagine how anyone in CPP could even contemplate
> entering into these contracts without my advance review and approval.

> Maybe I'm not understanding this. Maybe the policy is ridiculous.

> I'm open to which it is.

> Paul

> -----Original Message-----

> From: Smith, Tom
> Sent: Wednesday, April 10, 2013 3:56 PM

> To: Bender, Paul
> Cc: Henderson, Ivan
> Subject: CPP Risk Management Monthly update.
>
> Director Bender
>
> In January 2012 CPP enacted a risk management policy that defined a
> set of directive that govern CPPs transactions in the energy market.
> One of these directives requires that I provide the Director a monthly
> update that includes any new power Purchase/Sales contracts,
> Ancillary service, Capacity transactions that CPP has entered into.
> Since this is the first update I will be sending to you I have
> attached CPPs Risk Management Policy along with the Power Supply
> Report that was sent to the previous Director. If you need any
> additional information please let me know.
>
> CPP Monthly Risk Management Policy Update:
>
> CPP has not entered into any new power Purchase/Sales contracts.
> CPP has not entered into any contracts for Purchases/Sales of Energy
> Marker related products such as Ancillary services, Financial
> Transmission Rights or Capacity.
>
> Thomas J. Smith
> Superintendent Of Purchase Power
> Cleveland Public Power
> Phone: 216-664-3344
> Fax 216-664-2777
>
>

Henderson, Ivan

From: Bender, Paul
Sent: Friday, April 05, 2013 11:49 PM
To: Henderson, Ivan
Cc: Troy, Catherine; Preslan, Kevin; Zigli, William (CPP); Monson, Keith; Smith, Tom; Badalamenti, Frank
Subject: Re: CPP Billings

I still have no idea what you are talking about.

All information needed is to be shared within DPU as requested. Period.

Paul

On Apr 5, 2013, at 18:00, "Henderson, Ivan" <ihenderson@CPP.ORG> wrote:

Director, we have no concerns sharing information with DPU Fiscal staff and have labored the past two weeks to educate and fully inform Frank, Catherine and Kevin. My only concern is the manner in which we communicate information and the risk of creating sensitive documents that would be normally excluded from public records if marked as confidential. As a competitive entity, CPP's tools and formulas used to set its rates are proprietary. I have emphasized this point given this is the first time the information we are sharing has been discussed with this group in this manner.

Ivan L. Henderson
Commissioner, Cleveland Public Power
1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

From: Bender, Paul
Sent: Friday, April 05, 2013 5:35 PM
To: Henderson, Ivan; Badalamenti, Frank
Cc: Troy, Catherine; Preslan, Kevin; Zigli, William (CPP); Monson, Keith; Smith, Tom
Subject: RE: CPP Billings

What is the point of your 'proprietary interest.....' statement? How does that relate to me and my team understanding it?

Please explain.

Paul

From: Henderson, Ivan
Sent: Friday, April 05, 2013 4:19 PM
To: Bender, Paul; Badalamenti, Frank
Cc: Troy, Catherine; Preslan, Kevin; Zigli, William (CPP); Monson, Keith; Smith, Tom
Subject: RE: CPP Billings

While the EAC is complicated, it need not be viewed as incomprehensible. Most utilities reframe from discussing the subject publically given proprietary interest and anti-trust concerns (i.e. price setting). We will be prepared to meet and discuss each concern Monday morning.

Ivan L. Henderson
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1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

From: Bender, Paul
Sent: Friday, April 05, 2013 2:47 PM
To: Badalamenti, Frank; Henderson, Ivan; Zigli, William (CPP); Smith, Tom; Monson, Keith
Cc: Troy, Catherine; Preslan, Kevin
Subject: RE: CPP Billings

Thanks, Frank.

Ivan – I am increasingly concerned about CPP's financial performance for 2013 – the information I have reviewed with Frank and Catherine makes me wonder if CPP will run a deficit for 2013. We must answer this concern immediately.

Second, and perhaps related, is the EAC – this appears to be a highly complex (overly complex?) calculation. So far, as I understand it, no one in CPP has a good understanding of the rationale for the charge's complexity and can explain each component. This is #1.

#2 would be to understand the industry practices for EAC's – my understanding is that the charge is usually much simpler than CPP's – we need to implement a much simpler EAC, unless this is what is required by industry practices.

Bottom line – we must know our financial performance for 2013 immediately.

Thanks.

Paul

From: Badalamenti, Frank
Sent: Friday, April 05, 2013 2:40 PM
To: Henderson, Ivan; Zigli, William (CPP); Smith, Tom; Monson, Keith
Cc: Bender, Paul; Troy, Catherine; Preslan, Kevin
Subject: CPP Billings

Attached is the spreadsheet we used to calculate the EAC for CPP monthly billings. The first tab is how the calculation is run, and the second tab is how the reconciliation between estimated power costs and actual power costs are done each month.

The concerns we have with how they are completing their calculation.

1. What allows CPP to legally charge the equalizer line (See line 38 and 44)? This equalizer has not been charged yet in 2013. The total amount billed based on this equalizer was about \$5 million in 2012.
2. In our meeting yesterday Catherine asked to review why the numbers we are pulling for the residential and commercial percentages are different from what they are pulling. Based on preliminary discussion, Catherine think CPP are using a different report which might be showing adjustments that we are not showing in our report. Keith was going to look into it and get back to us on it.
3. The Energy Efficiency Charge is authorized to be charged up to \$5 million for the project life (paid to AMP). CPP provides data to Barb Phillips (internal personnel), but based on discussion, we don't know how much has been collected since the program has been in place. It is a 3 year program, and is expected to end on June 30, 2014. We would think we would want to know how our collections are doing on the program to ensure we are not losing money on the deal.
4. What is allowed in the EAC in terms of costs we can recover? They have some items that went thru to the customer we are concerned with and others they don't charge, but it might be allowed. Catherine asked Bill Zigli to review which services are mandated by PJM and NERC and their associated costs in case those should be included in the overall EAC.

The Director wants a meeting on Monday from 11:30 to 1:00 to discuss these issues we have so he can have a complete understanding of billing for CPP. I will be sending out a meeting notification shortly.

Frank B

Long, Rachon

From: Henderson, Ivan
Sent: Monday, April 29, 2013 5:00 PM
To: Long, Rachon
Cc: Southerington, Debbie
Subject: FW: Misc

Please add this email chain to your records. I had not heard back from him so I called him. We will meet at 5:15 in his office.

Ivan L. Henderson
Commissioner, Cleveland Public Power
1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

From: Henderson, Ivan
Sent: Monday, April 29, 2013 3:24 PM
To: Bender, Paul
Cc: Brown, Darnell
Subject: RE: Misc

Director, I respectfully disagree with the representations in your last email. Nonetheless, if you have additional questions let me know and I will come with answers/information.

Is the meeting in your conference room at 5:00 this evening?

Ivan L. Henderson
Commissioner, Cleveland Public Power
1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

From: Bender, Paul
Sent: Monday, April 29, 2013 1:54 PM
To: Henderson, Ivan
Cc: Brown, Darnell
Subject: Re: Misc

These are all now becoming emergencies for us because we do not have satisfactory answers and plans for any of them; after almost 2 months of discussion directly with you - multiple times per issue.

I'm available during the day - just ask any of your colleagues. I now need to focus intently on these issues so I can be responsive to Chief Brown and the Mayor, who are asking me about these issues almost weekly. (I have told you that also, multiple times. If they don't care when these activities are in place, then we could take your more relaxed approach).

You are operating on a different agenda and pace than I am. I am not going to slow down for you.

If you can't keep up, we will move forward with conclusions without your input.

Paul - 216-857-1063

On Apr 29, 2013, at 12:31, "Henderson, Ivan" <ihenderson@CPP.ORG> wrote:

Director, your questions relate to my primary business focus but it is the late notice of your request (9:58 pm the night before) and the non-emergency nature of your request and the fact that you do not want to hold these business discussions during regular business hours that is a concern. Also, why are you seeking to spend this amount of time with me after hours and you are not requiring everyone else to do the same? The inequity here is troubling given the fact that when you and I discuss this issue (and a growing list of other concerns) it becomes more confrontational than constructive and nothing is accomplished.

My records indicate that we have provided answers to all of your questions to date with the exception of the questions Catherine raised at 5:51 pm Friday, April 26th. If I am missing anything, please let me know.

I will be available this evening at least until 6:30 pm. If you have specific information you are looking for, please let me know and I will come prepared to discuss.

Ivan L. Henderson

Commissioner, Cleveland Public Power

1300 Lakeside Ave

Cleveland, OH 44114-1175

Phone: (216) 664-2708 Fax: (216) 420-8737

-----Original Message-----

From: Bender, Paul

Sent: Monday, April 29, 2013 7:20 AM

To: Henderson, Ivan

Subject: Re: Misc

Cancel your other commitments. Or explain to me how they take priority over my issues (which should be your primary business focus).

There is nothing I need rate design assistance to understand in my list. LED is not a rate design issue - just needs you to answer the basic financial questions that have been on the table since we started.

I have been here almost 2 months now - I have mostly the same questions as when I arrived. I cannot continue without understanding these issues - immediately.

Paul - 216-857-1063

On Apr 29, 2013, at 0:26, "Henderson, Ivan" <ihenderson@CPP.ORG> wrote:

> Director, I have evening commitments at 6:30 Monday, 6:00 Tuesday and 6:30 pm Wednesday. I can be available until these times. CPP can provide answers to most questions but as I have previously explained our conclusions, without rate design assistance, will be speculative given the unknowns with base rate design for LED streetlights.

> -----

> Sent from my BlackBerry Wireless Device

>

>

> ----- Original Message -----

> From: Bender, Paul

> Sent: Sunday, April 28, 2013 09:58 PM

> To: Henderson, Ivan

> Cc: Badalamenti, Frank; Tucker, Leigh; Troy, Catherine

> Subject: Misc

>

> We must wrap up the Eco Adj; LED fin analysis by tomorrow night. Let's meet 5-7 pm if not done before, based on Catherine's conclusions. Need all basic questions answered (see my last email and whatever questions Cath has).

>

> Also - I want to meet with you each evening, 5-8 pm, this week on various issues - large customer rates; fin basis for investments to get new customers; org structure; street light outage process/backlog/SLA and plan to achieve it; expansion plan and basis/new customer impacts (and why the new building is critical to the plan).

>

4/29/2013

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> Bring whoever you need to help work thru these issues with me and you.

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> Frank - you're invited. I may need you for some but will try to not tie you up every evening. For the first two, get what you can and brief me before 5. I can take it from there with Ivan.

>

> Thanks.

>

> Paul - 216-857-1063

Long, Rachon

From: Henderson, Ivan
Sent: Monday, April 29, 2013 2:08 PM
To: Long, Rachon
Subject: FW: Misc

Please see the dialog below. This is actually one of the topics I raised last week (4-23-13 ignoring relevant cost). I have many emails, documents and analysis that shows that I have been very responsive on this issue.

I will meet with him this evening, unless he decides not to meet.

Ivan L. Henderson
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1300 Lakeside Ave
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Phone: (216) 664-2708 Fax: (216) 420-8737

From: Bender, Paul
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Cc: Brown, Darnell
Subject: Re: Misc

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Phone: (216) 664-2708 Fax: (216) 420-8737

-----Original Message-----

From: Bender, Paul

Sent: Monday, April 29, 2013 7:20 AM

To: Henderson, Ivan

Subject: Re: Misc

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> Sent from my BlackBerry Wireless Device

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> ----- Original Message -----

> From: Bender, Paul

> Sent: Sunday, April 28, 2013 09:58 PM

> To: Henderson, Ivan

> Cc: Badalamenti, Frank; Tucker, Leigh; Troy, Catherine

> Subject: Misc

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> Thanks.

>

> Paul - 216-857-1063

Long, Rachon

From: Henderson, Ivan
Sent: Monday, April 29, 2013 11:40 AM
To: Long, Rachon
Cc: Southerington, Debbie
Subject: Re: Misc - HELP Please

I spoke briefly with Chief Brown about the concern about the meeting request for this evening and mentioned the compliant I filed.

Sent from my BlackBerry Wireless Device

----- Original Message -----
From: Long, Rachon [mailto:RLong@city.cleveland.oh.us]
Sent: Monday, April 29, 2013 08:42 AM
To: Henderson, Ivan
Cc: Southerington, Debbie
Subject: RE: Misc - HELP Please

Let me discuss internally. Please let me know when Chief Brown and/or Loretta respond.

-----Original Message-----
From: Henderson, Ivan
Sent: Monday, April 29, 2013 8:30 AM
To: Long, Rachon
Subject: FW: Misc - HELP Please

Please see below.

Ivan L. Henderson
Commissioner, Cleveland Public Power
1300 Lakeside Ave
Cleveland, OH 44114-1175
Phone: (216) 664-2708 Fax: (216) 420-8737

-----Original Message-----
From: Henderson, Ivan
Sent: Monday, April 29, 2013 8:24 AM
To: Brown, Darnell; Joyce, Loretta
Subject: Fw: Misc - HELP Please

Please see below. Paul sent an email last night after 10:00 pm seeking to meet this evening from 5-8 on a non emergency issue. I have advised him I have a conflict and he insist I cancel the other commitment.

Please call me.

Sent from my BlackBerry Wireless Device

----- Original Message -----
From: Bender, Paul
Sent: Monday, April 29, 2013 07:19 AM
To: Henderson, Ivan
Subject: Re: Misc

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